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1. Norway asks UK position on military aid--US Embassy London reports that Norwegian Foreign Minister Lange recently informed the UK Government that Norway would reject any Soviet proposal for a defense treaty, and inquired specifically what military aid the UK could render. The Embassy was told by a UK Foreign Office official that although the British reply has not yet been formulated, he believes that the UK has "little to offer in the military field." The official added that the UK has formulated no definite political-military measures regarding Norway.
2. Turks apprehensive over international situation--Turkish Foreign Minister Sadak has expressed to US Ambassador Wilson the conviction that there can be no European economic recovery until political action is taken to provide security. Sadak believes that: (a) a pervading fear of the USSR and of war is preventing the action necessary for recovery; and (b) a sense of security can be restored only by a US declaration that Soviet expansion will be opposed with force if it moves beyond a line set by the US.
3. Possession of Falklands held essential to Argentine defense-- According to US Ambassador Bruce in Buenos Aires, Foreign Minister Bramuglia has declared that Argentina: (a) will join with the US on the first day of "the inevitable war with the USSR"; (b) considers possession of the Falkland Islands to be indispensable because the islands are the only possible base from which the USSR could direct operations against Argentina; (c) will bring up the question of European colonies at the Bogota Conference with specific reference to the Falklands (Argentina considers Antarctica a separate question); and (d) hopes that the US will influence the UK to yield to Argentine claims.

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EUROPE

4. **AUSTRIA:** US will insist on Austrian sovereignty--The Department of State has informed the US delegation at the London Conference that the US considers it unlikely at this time that an Austrian treaty can be obtained which would adequately guarantee Austria's political and economic independence. The Department observes that the US has demonstrated its willingness to negotiate the outstanding Austrian issues but in any final settlement the US will insist upon the maintenance of Austrian sovereignty. The Department believes that, regardless of the trend of treaty negotiations at the present London Conference, Austria should be permitted to begin now the organization of its armed forces.

5. **SPAIN:** Argentine credits to Spain--US Charge Culbertson has learned from a reliable source that the Spanish Ambassador to Argentina has negotiated a confidential financial agreement directly with Peron whereby Argentina will grant Spain credits totaling \$425 million, one-fourth to be made available each year for the next four years. Culbertson says that the agreement reportedly includes the personal assurance of Peron that through US credits to Argentina Spain may indirectly obtain some US dollar credits.

Spanish views on relations with US--In reply to US Charge Culbertson's statement of the US position on Spain, the Spanish Foreign Minister declared that: (a) Spain is less interested in the European recovery program than in an individual deal with the US; (b) Spain hopes for the granting of US credits, first on a private and later on an official basis; and (c) Spain desires collaboration with the US, but believes that "differences of ideology or political thinking" should not be confused with mutual interests and a common ability to serve the world. Culbertson remarks that the Foreign Minister said nothing which would encourage a hope for evolution toward democratic government in Spain.

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(CIA Comment: This is in line with CIA's estimate that Spain will make every effort to get economic aid outside of the European recovery program in order to avoid pressure from other western nations for the liberalization of Spanish Government policies.)

6. CZECHOSLOVAKIA: Efforts to buy aircraft thought Soviet-directed. US Ambassador Steinhardt is convinced that the persistent efforts of the Czechoslovak Government-owned airline to obtain US four-engine airplanes are directed by Moscow "on a very high level." Steinhardt has learned "in strictest confidence" that Prime Minister Gottwald overrode protests of his Minister of Finance in ordering that \$1 million of the limited Czechoslovak dollar balances be made available for the purchase of these aircraft.

(CIA Comment: CIA believes that the Czechoslovak airline offers the USSR a ready-made instrument of penetration to New York and the Near East. Czechoslovakia has concluded bilateral air agreements which make such penetration possible, and at present it is only the airline's lack of modern four-engine air transports which prevents the institution of services to the US.)

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